Government Reform & Restructuring Commission
Consolidation of Shared Services Subcommittee

Virginia State Capitol-House Room C
June 16, 2010- 1:00 pm

<u>Meeting Attendees</u>: Ron Tillett, Secretary Ric Brown, Alexandra Liddy Bourne, Michelle
    Jenkins, Jack Rust
<u>Commission Senior Advisors</u>: Bill Leighty, Mike Thompson
<u>Presenters</u>: Jennifer Schreck (APA), Sam Nixon (VITA), Peggy Feldman (VITA), Jerry
    Simonoff (VITA), Bill Leighty (Commission),

<u>Opening</u>

The meeting was called to order by Committee Chair Ron Tillett at 1:05. Mr. Tillett stated that
the purpose of the day's meeting was to define the scope of issues considered by the shared
services subcommittee. The subcommittee is starting with previous reviews of state agencies
and services conducted by executive and legislative agencies, such as JLARC, the Senate
Finance and House Appropriations Committees, and APA. Mr. Tillett thanked those agencies
for their excellent work on behalf of the Commonwealth.

<u>Presentations</u>

"Review of Service Agency Arrangements"- Jennifer Schreck, Project Leader, Auditor of Public
Accounts (APA)
- Ms. Schreck discussed the existing arrangements and efficiencies of agencies' fiscal and
  administrative services. She recommended shared service arrangements by Secretariat or
  the creation of single service agencies. Oversight, such as well-defined Memorandums of
  Understanding (MOU), and incentives for state agencies to use shared services would be
  essential for the success of either model.
- Comments: Mr. Leighty noted that existing shared service arrangements in the state
  worked very well. Mr. Rust asked how the inefficiencies of the existing single service
  systems could be avoided. Ms. Schreck noted that previous systems had been developed
  for one agency and adopted by others; efficiency could be achieved by designing a
  system that looks at the business needs of the entire Commonwealth. Mr. Tillett
  suggested that some incentives were necessary to prevent large agencies from opting out
  of a shared system. Ms. Schreck said that organization of shared services by Secretariat
  would increase compliance. Ms. Bourne asked what models had the highest level of
  internet security, which Ms. Schreck said the APA had not studied. Mr. Rust asked who
  would enforce compliance. Ms. Bourne commented that enforcing compliance could be
  the role of a newly created State Inspector General's office. Mr. Rust asked if
  outsourcing of these services would be possible, which Ms. Schreck said the APA had
  not studied. Mr. Tillett and Mr. Rust asked about the potential cost-savings of either
  model. Ms. Schreck said that budget reductions already captured any likely savings, but
  these models had the potential to improve the delivery of other state services.

"Applications Management and Enterprise Applications Update"- Sam Nixon, Commonwealth's Chief Information Officer, & Peggy Feldman, Chief Applications Officer, VITA

- Mr. Nixon commented that VITA was the most ambitious attempt of state government to create shared services thus far. VITA's goal is to create a unified, managed approach to technology in state government, although human factors and the complexity of state agencies make this difficult.
- Ms. Feldman discussed VITA's shift from a functional to an applications perspective and the findings of their Working Committee on Applications Management. She outlined the development of a new enterprise system for the Department of Administration and DMV.
- Comments: Mr. Rust commented that one of the deficiencies identified by the APA is the implementation of technology. Ms. Feldman said that a focus on applications allows VITA to manage technology from development to implementation. Mr. Leighty asked what the process was for developing new applications. Ms. Bourne asked about the longevity of new applications, which Ms. Feldman said VITA is extending by minimizing customization and installing updates.

"Business Enterprise Model Simulation"- Jerry Simonoff, Interim Director, Customer Service & Project Management Organization, VITA

- Mr. Simonoff explained the Enterprise Business Model used by VITA and how it could be of use to the Shared Services subcommittee. He highlighted a report from VITA's website on the agencies involved in Business and Industry Development.
- Comments: Mr. Rust asked about existing cross-agency collaboration. Mr. Leighty suggested comparing agencies' lines of business to their performance standards in the VA Performs database and providing information about costs and outcomes. Secretary Brown commented that the performance budgeting process will address some of these concerns.

"Committee Expectations & Scheduling"- Bill Leighty, Senior Advisor to the Commission

- Mr. Leighty explained that the major barrier to shared services was not agencies' unwillingness to outsource, but their fear of losing controls on compliance. He discussed the Scottish government's fee-for-service administrative agency and the importance of centralization and compliance enforcement. He suggested centralizing fleet management of state agencies and local governments and incentivizing regional cooperation as possible ways to consolidate other services.
- Comments: Mr. Rust asked whether a centralized model would be able to enforce compliance. Mr. David Von Moll, the state Comptroller, explained how small agencies were mandated to join a consolidated payroll system in the past and that additional agencies volunteered to join as well. Ms. Bourne suggested further centralization of administering tax forms. Mr. Leighty commented that creating a single tax identification number would benefit the Commonwealth's tax collection process.

Public Comment

Mr. Tillett asked for any additional topics from the committee. Ms. Bourne asked for an update on the 2006 JLARC report on reform suggestions and encouraged further exploration of computerization and an Inspector General position. Mr. Rust emphasized the need to coordinate

with the subcommittee on Government Simplification and Operations. Secretary Brown suggested exploring opportunities with local government, consolidating services with higher education, and consolidating agencies' heavy equipment. Ms. Jenkins asked for information on hybrid models of shared service and single service agencies in other states. Mr. Tillett suggested considering property disposal, banking, procurement, and revenue collection as well. Mr. Tillett then opened the floor for public comment.

Khalil Yazdi, formerly the CIO and Vice President for Information Technology and Institutional Research at the University of Mary Washington, suggested that the subcommittee examine the accountability structure of services within and across agencies.

Anne Creasy from Senator McDougle's office suggested that the subcommittee explore management of electronic resources.

Jamie Lewis from the Department of Historic Resources commented any new shared or consolidated services should take the processes required to comply with services into account. She said small agencies like a way to provide feedback on suggestions.

Mr. Tillett commented that anyone could make public comments at www.reform.virginia.gov. Information about town halls and the next subcommittee meeting will also be on the website. At the request of the subcommittee chair, the meeting adjourned at 4:15 pm.